GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:599
ANSWERED ON:06.05.2005
MERGER OF PUBLIC SECTOR INSURANCE COMPANIES
Das Gupta Shri Gurudas;Reddy Shri Suravaram Sudhakar

Will the Minister of FINANCE be pleased to state:

(a) Whether the Government proposes to merge four public sector General Insurance Companies into one single corporation;

(b) If so, the details thereof;

(c) Whether recommendation to this effect have been made by some expert committees;

(d) If so, the details thereof;

(e) Whether such a merger would help the public sector insurance companies to compete with these in the non-government sector and the overseas insurance companies; and

(f) If so, the details in this regard?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to(f) : A Statement is laid on the Table of the House.

POSITION NO. 19

Statement placed on the Table of Lok Sabha in replv to parts fa) to (f) of Starred Question No. 599 by S/Shri Surayaram Sudhakar Reddy and Guruda Dasgupta regarding Merger of Public Sector Insurance Companies to be answered on Friday, the 6 May 2005.

(a) to (f) : Prior to 2002, the four public sector insurance companies were functioning as subsidiaries of General Insurance Corporation of India (GIC). To enable these companies to face competition effectively in the post liberalized scenario, the Parliamentary Standing Committee on Finance, in March 1999, recommended various options including merger of these four companies. Later, the Committee on Public Undertakings (COPU) in July 2001 also recommended for merger of the four public sector insurance companies with GIC. However, in November, 2000, GIC was notified as `Indian Reinsurer. So these companies had to be delinked from GIC and made independent through the General Insurance Business (Nationalisation) Amendment Act, 2002 because of the requirement under Section 2(7A)(c) of the Insurance Act, 1938. Since then no Expert Committee has been set up to go into the aspect of merger of four public sector general insurance companies. There is no proposal before the Government for such merger.